

Senate Bill No. 598

CHAPTER 248

An act to add and repeal Section 6018.10 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 2, 2015. Filed with
Secretary of State September 2, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

SB 598, Hill. Sales and use taxes: consumer designation: all volunteer fire department.

The Sales and Use Tax Law, among other things, imposes a tax on retailers measured by the gross receipts from their sales of tangible personal property sold at retail in this state, and specifies that certain sellers of tangible personal property are consumers, and not retailers, of the tangible personal property they sell.

This bill would provide, until January 1, 2021, that an all volunteer fire department, as defined, is a consumer, and not a retailer, of all tangible personal property sold by it, if the profits are used solely and exclusively in furtherance of the purposes of the all volunteer fire department, subject to specified limitations, so that the retail sale subject to tax is the sale of tangible personal property to the all volunteer fire department.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes generally in accordance with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Amendments to state sales and use taxes are incorporated into these laws.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

The people of the State of California do enact as follows:

SECTION 1. Section 6018.10 is added to the Revenue and Taxation Code, to read:

6018.10. (a) An all volunteer fire department is a consumer of, and shall not be considered a retailer within the provisions of this part of all tangible personal property sold by it, including, but not limited to, hot prepared food products and clothing, if the profits are used solely and exclusively in furtherance of the purposes of the all volunteer fire department.

(b) For purposes of this section, an “all volunteer fire department” means an organization that meets all of the following requirements:

(1) No member shall be paid a regular salary, but a member may be compensated on an hourly or per incident basis.

(2) The purpose of the organization is to protect the lives, property, and environment within a designated geographical area from fires, disasters, and emergency incidents through education, prevention, training, and emergency response.

(3) The organization is regularly organized for volunteer fire department purposes and qualifies as an exempt organization, either under Section 23701d or 23701f of this code or under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, having official recognition and full or partial support of the government of the county, city, or district in which the volunteer fire department is located, and that has functions having an exclusive connection with the prevention and extinguishing of fires within the area of the county, city, or district extending official recognition for the benefit of the public generally and to lessen the burdens of the entity of government that would otherwise be obligated to furnish that fire protection.

(c) This section shall not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of one hundred thousand dollars (\$100,000) or more.

(d) This section shall remain in effect only until January 1, 2021, and as of that date is repealed.

SEC. 2. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect. However, the provisions of this act shall become operative on the first day of the first calendar quarter commencing more than 90 days after the effective date of this act.